STATE OF ILLINOIS
ILLINOIS COMMERCE COMMISSION

AMEREN ILLINOIS COMPANY
dba AMEREN ILLINOIS : 11-0279 and 11-0282 (Consolidated)

REBUTTAL TESTIMONY OF JEFFREY ADKISSON
ON BEHALF OF
THE GRAIN AND FEED ASSOCIATION OF ILLINOIS

GFA EXHIBIT 2.0G

August 23, 2011

Q. Please state your name and business address.

A. My name is Jeffrey D. Adkisson and my business address is 3521 Hollis Drive, Springfield, Illinois 62711.

Q. Are you the same Jeffrey D. Adkisson provided direct testimony in these dockets?

A. Yes. I provided Direct Testimony on behalf of the members of the Grain and Feed Association of Illinois (GFAI) which receives natural gas service in the three Ameren Illinois rate zones. GFAI members represent over 90% of the commercial grain storage space in Illinois.

Q. What is the purpose of your testimony?

A. My testimony will rebut Ms. Althoff's rebuttal testimony and support the use of seasonal, temperature-based pricing for a broader range of customers taking service under the GDS-5 rate**.**

Q. Mr. Adkisson, in your direct testimony, did you propose an addition to the customer charges for the GDS-5 seasonal rate to make it economically feasible for GDS-3 size customers to take this option service?

A. Yes.

Q. Will you please explain why you are supporting the addition to the GDS-5 rate?

A. GFA supports utilization of the current temperature based GDS-5 rate because it rewards customers for interrupting use when the average daily temperature is equal to or below 25 degrees Fahrenheit. This achieves maximum utilization of and revenues from use of the distribution system during the winter months, while protecting system integrity. The GDS-5 temperature-based rate allows AIC to achieve lower investments in distribution

lines by not having to build lines with capacity to serve GDS-5 customers when the average temperature is equal to or below 25 degrees Fahrenheit. The temperature-based GDS-5 rate also allows AIC to achieve lower revenue requirements to other customers due to incremental use of and revenue from use of the distribution system by GDS-5 customers when the average temperature is above 25 degrees Fahrenheit.

Q. Are the benefits of the GDS-5 rate available to large, intermediate and small customers?

A. Although all customers are technically eligible for the GDS-5 rate, as a practical matter the GDS-5 rate is only available to larger customers, because the customer charges are in the same range as the GDS-4 Large General Service customers. A typical small to intermediate size grain dryer would never be expected to utilize the GDS-5 rate because of the proposed high monthly fixed charges and may opt to use propane instead.

Q. Is GFA Exhibit 1.01G a redline version of AIC's proposed GDS-5 tariff which broadens the range of customer charges that are equal to the AIC charges in the GDS-3 rate?

A. Yes. I proposed to broaden the range of customer charges that are equal to the AIC proposed customer charges for GDS-3 rates in the respective rate zones.

Q. Did you propose an additional customer charge in the GDS-5 rate for small GDS-2 size customers?

A. No, because it makes sense to first gain operational experience and to assess acceptance by only expanding the GDS-5 seasonal rate to GDS-3 intermediate size customers before considering whether to expand GDS-5 to GDS-2 small customers.

Q. Why have you proposed to delay implementation to May 1, 2012?

A. The delayed implementation to May 1, 2012 is proposed to allow time for GDS-3 customers to assess the optional GDS-5 seasonal rate, time for AIC to implement the expanded GDS-5 rate after the Commission's final order, and to minimize revenue erosion until AIC files its next gas rate case.

Q. What was AIC's response to expanding GDS-3 size customer access to GDS-5?

A. Ms. Althoff's rebuttal testimony (Ameren Exhibit 33.0) was that the proposal should be rejected primarily because of the cost differential of a GDS-3 meter versus a demand meter necessary to provide service under GDS-5 is substantial.

Q. Did Ms. Althoff specify the level of costs difference between a GDS-5 meter for a GDS-3 size customer and the normal GDS-3 meter?

A. Yes. Ms. Althoff testified that the GDS-5 rate requires interval metering in discrete increments (e.g., hourly, daily) to enable a GDS-5 seasonal customer to avoid Demand Charges except when gas is consumed on days when the average temperature equals or is lower than 25 degrees Fahrenheit. Therefore, she opines, a GDS-3 customer switching to GDS-5 would need new metering equipment. She states that the average installed cost of a GDS-3 meter for AIC is approximately $5,400 and the average installed cost of a GDS-5 meter is $10,800, or basically, double the cost.

Q. Do you agree that the meter cost for a GDS-3 customer taking service under the GDS-5 rate meter costs approximately $10,800 installed?

A. No, I do not agree. Attached is GFA Exhibit 2.01G, which demonstrates that with the lower gas flow of GS-3 customer on the GDS-5 rate, the cost of a complete installation of

a regulator, meter with demand recording capability with temperature and pressure compensation and data storage electronics will cost less than $5,000 installed. GFA Exhibit 2.02G also contains supporting quotations from two vendors for the meter and regulator equipment.

Q. Are you recommending that AIC begin purchasing the manufacturer meters and regulators from one of the two vendors whose quotes are contained in Exhibit 2.02G for smaller GDS-3 size customers?

A. No. These quotes are only provided to demonstrate that for smaller GDS-3 size customers, the installed cost of meters and regulators that are capable of recording discrete hourly and daily demands as required by the GDS-5 rate schedule are available and can be installed at less than $5,000. I presume AIC either concurrently purchases equivalent meter and regulator technology from the quoted manufacturers or utilizes other manufacturers' equipment which will provide the same or better quality and at equivalent or less cost, particularly when receiving utility large volume purchase discounts.

Q. Do you know of another gas tariff which demonstrates that the cost for a smaller-use customer meter is less than that of a larger-use customer even if both require interval/demand meters?

A. Yes. Attached is GFA Exhibit 2.03G which is the Ameren-Missouri transportation tariff. Ameren-Missouri tariff sheets 10 and 20.1, section G, list customer and meter monthly charges for standard transportation, which totals $93.17. Standard transportation is for a

customer whose annual transportation requirements are expected to be 600,000 Ccf or less (therms or less), which fits the GDS-3 size customer.

Q. Please explain GFA Exhibit 2.01G.

A. At the top of GFA Exhibit 2.01G is a summary of the meter and regulator quote and installed cost estimate for GDS-3 size customers. The vendor quote for the meter alone was $2,186. At the bottom of GFA Exhibit 2.01G is a summary of Ameren-Missouri standard transportation tariff sheets 10 and 20.1 which contain a customer charge, an electronic gas administration charge and a meter equipment charge, which total $93.17 per month. The monthly meter equipment charge component is $21.00, which, using a very conservative 1% per month of installed utility facility carrying charge implies that Ameren-Missouri offers a standard transportation rate with a meter cost of about $2,100, which is very close to the vendor meter quote of $2,186 contained in GFA Exhibit 2.02G. At a monthly facilities carrying charge of 1.25%, the implied meter cost is even less, at $1,680, which may be possible when utilities purchase meters in larger quantities.

Q. What is your recommendation regarding the GDS-5 rate?

A. My recommendation is for the Commission to approve the GDS-5 tariff expansion as I proposed in GFA Exhibit 1.01G, filed with my direct testimony. I also recommend a delayed effective date of May 1, 2012 to allow time for GDS-3 customers to assess the optional GDS-5 seasonal rate, time for AIC to implement the expanded GDS-5 rate after the Commission's final order, and to allow AIC to minimize any revenue erosion and adjust charges to actual when AIC files its next gas rate case..

Q. Does that conclude your rebuttal testimony?

A. Yes it does.